STATE OF CALIFORNIA   JOHN CHIANG,
                                                                                California State Controller

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: September 9, 2009   PERSONNEL LETTER #09-021
                                               (CSU Only)

TO: To All Campuses in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
        Personnel/Payroll Services Division

RE: **CSU 2009/2010 FURLOUGH PROGRAM**

        At the direction of the CSU Chancellor and in accordance with bargaining unit agreements, the CSU
        Human Resources Management has developed a furlough plan whereby certain groups of employees
        take unpaid furlough days each month starting in August 2009. The furlough will be administered as
        an adjustment to the employee's actual salary rate. A furlough pay reduction amount will be added to
        the employment history (EH) records of furloughed employees to reduce the actual salary rate by a
        furlough percentage rate. See CSU Technical Letter HR/Salary 2009-07 and subsequent supplements
        specific to an employee group for further furlough program administration details.

        The furlough pay reduction amount is accomplished through the use of PPT Item 957 (Other Eligibility
        Substantiation) and PPT Item 815 (Red Circle Rate). Special Item 957 codes have been established to
        identify employees on the furlough program and the furlough percentage rate. Based on the Item 957
        furlough code, the Employment History System will automatically calculate the furlough pay reduction
        amount which will be reflected in PPT Item 815. The employee's base salary rate is reduced by the
        Item 815 furlough pay reduction amount. Applying the employee's time base to the reduced base
        salary will then result in the reduced actual salary rate. This reduced salary rate is the pay rate used by
        the Uniform State Payroll System for computing the gross regular pay amount (see attached for an
        example of the calculation rule).

        Some employees will require that their furlough pay reduction amount be manually calculated. A
        special Item 957 furlough code has been reserved to override the system calculation of the Item 815
        furlough pay reduction amount. Additional information and instructions on the Item 957/Item 815
        furlough program indicators are attached.

        The PPT CRO transaction will be used to convert employees to the furlough pay reduction program.
        Campuses are responsible for converting employees who began their furloughs in the August 2009 pay
        period. The CSU HR-ISA staff developed CRO transaction worksheets to assist the campuses with the
        employment history update effort. The worksheets are pre-printed with the Item 957 furlough code that
        corresponds to the employee's required furlough pay reduction percentage rate. Additional instructions
        for preparing the worksheets for key entry can be found in the CSU Technical Letter Supplements to
        HR/Salary 2009-07.

On Monday, August 10, 2009, the employment history system modifications were implemented to allow campuses to process the CRO furlough pay reduction transactions. The transactions needed to be processed by Friday, August 21, 2009 to reflect the furlough pay reduction in the August 2009 master payrolls. Also, if any transactions with an effective date after 07/31/2009 were processed before the CRO furlough transactions are key entered, campuses also needed to correct those transactions to carry forward the Item 957 furlough code per the CRO transaction or to enter the Item 957 furlough code (e.g., new appointment or reinstatement effective after 07/31/09 will need to be corrected to add the Item 957 furlough code). Failure to update an employee's employment history record with the Item 957 furlough code will result in an overpayment.

The attached contain detail employment history and payroll processing information for the pay periods covering the furlough program. For campuses using the California Leave Accounting System (CLAS), see the Leave Accounting Letter #09-013 for furlough processing information.

Questions regarding the CSU furlough program or the employment history/payroll processing for the furlough pay reduction can be directed to the following contacts:

SUBJECT AREA	CONTACT	TELEPHONE NUMBER
Furlough Program (e.g., rules, regulations benefits/pay impacts)	CSU Human Resources Management	(562) 951-4411
Employment History Procedures	CSU Audits' Representative	
General Payroll Procedures	CSU Telephone Liaison	(916) 322-7980
Disability Payroll Procedures	Disability Telephone Liaison	(916) 322-3619

DS:PMAB:lm

Below are employment history (EH) and payroll documentation and processing instructions for employees subject to the furlough program.

GENERAL INFORMATION

Although the furlough program is actually a reduction to time worked, it is administered as a reduction to the salary rate used in the calculation of an employee's regular pay. To accomplish the reduction of the salary rate and to continue to reflect the actual appointment or base salary rate for employees subject to the furlough program, system changes were made to use the PPT Item 957 (Other Eligibility Substantiation) and PPT Item 815 (Red Circle Rate) data fields to establish a furlough pay reduction amount on the employment history data base. The furlough pay reduction amount is then used to reduce the employee's actual salary rate to achieve the furlough pay reduction rate.

The Item 815 furlough pay reduction amount is system generated (unless manually overridden) and computed by multiplying the furlough pay reduction percentage rate to the base salary rate and rounding to the nearest dollar/cent. To arrive at the furlough reduced actual salary rate, the furlough pay reduction amount is subtracted from the base salary rate and multiplied by the time base. The calculation routine will result in most employees having an actual salary rate defined in dollars and cents when normally defined in whole dollars.

The furlough pay reduction percentage rate is determined by the Item 957 furlough code. Each Item 957 furlough code is assigned a furlough pay reduction percentage rate. In addition, an Item 957 furlough code was established to allow a manual entry of the furlough pay reduction amount for employees who require a special furlough pay reduction calculation. The Item 957 furlough codes and corresponding furlough pay reduction percentage rate are:

Item 957 Code	Percentage Rate Reduction Per Pay Period
91	10.07%
92	9.23%
93	10.256%
89	Manual Calculation

When using Item 957 furlough code 89, the furlough pay reduction amount must be entered in Item 815 as a full-time amount. New on-line system audits were established to ensure the furlough pay reduction amount is present on employment history records with Item 957 furlough code 89. Also, existing Item 815 on-line system audits were modified to not require that the anniversary date of an employee be MAX or 99/99 and not require the entry of PPT Item 719 (Detail Transaction Code) for employees with an Item 957 furlough code.

Below is an example of the furlough pay reduction calculation.

$3938 (base salary rate) X 10.07% (Item 957 furlough code 91) = $396.56 (per pay period Item 815 furlough pay reduction amount)
$3938 - $396.56 = $3541.44 (furlough reduced base salary rate)

- If employee is full-time then the actual salary rate = $3541.44
- If employee is ½ time base then the actual salary rate is $1770.72 ($3541.44 X ½ time base)
- If employee is 3/5 time base then the actual salary rate is $2124.86 ($3541.44 X 3/5 time base)

As outlined in the CSU Technical Letter HR/Benefits 2009-09, the furlough program does not affect state service credit. As a result, the unpaid furlough time is not to affect an employee's leave benefit accrual levels and not to be considered in determining if a pay period is qualifying or not (PPT Item 715, Service Pay Period).

EMPLOYMENT HISTORY PROCESSING INFORMATION

Campuses must ensure that the appropriate Item 957 furlough code is reflected on the EH records. Failure to do so could result in erroneous payments. If an employee transfers to a position that is not subject to the furlough program, the Item 957 furlough code must be deleted. If an employee transfers to a position that is subject to the furlough program, the Item 957 furlough code may need to be added or changed. Employees who are separating or placed on certain types of leaves may need to have the Item 957 furlough code deleted when processing the EH separation/leave of absence transaction. In addition, there are other special processing procedures that apply during the furlough program which are described below.

A. Item 957 (Other Eligibility Substantiation)

The Item 957 furlough code must be present on every PPT transaction that contains an effective date that falls within the furlough program and for employees who are subject to a furlough pay reduction. Employees under an hourly intermittent/per diem or special A54 transaction payment pay plan schedule are subject to a reduction in their work schedule and consequently will not have the Item 957 furlough code on the EH record. The following system changes were made to Item 957 to accommodate the furlough pay reductions.

- The value in Item 957 will automatically carry forward to subsequent transactions unless changed or deleted. This change applies regardless of the Item 957 code (i.e., not restricted to the furlough codes) and affects current processing instructions for Item 957 and certain PPT transactions.

- Item 957 is now a conditional data element on the following PPT transactions:

A50	A63
A52	A64
A56	A65
A60	

- When both the Item 957 furlough code and an Item 957 non-furlough code must exist on a PPT transaction (e.g., A57 transaction), enter the Item 957 non-furlough code in PPT Item 215 (Employment History Remarks). For example, enter '957 = 41' in Item 215 on the A57 transaction returning an employee from NDI – Catastrophic Donation Leave program.

A revision to the PIMS Manual will be issued reflecting the changes.

B. Item 815 (Red Circle Rate)

The furlough pay reduction amount will be reflected in Item 815. The Item 815 amount is the full-time pay reduction amount and will be treated as a negative value when Item 957 reflects one of the furlough codes. A negative sign will not display in the Item 815 data field. Other system changes that were made to Item 815 for the furlough program are as follows.

- The furlough pay reduction amount is system generated based on the Item 957 furlough code. However, if the furlough pay reduction amount must be manually calculated, use the Item 957 furlough code 89 and enter the full-time pay reduction amount in Item 815. Use the existing coding and key entry instructions for Item 815 to enter the manually computed furlough pay reduction amount.

- No special processing is needed to delete the furlough pay reduction amount. The amount will be automatically deleted from Item 815 when the Item 957 furlough code is deleted.

- New on-line Item 815 audits were established to validate that the furlough pay reduction is present in Item 815 on EH records with Item 957 furlough code 89.

- Existing Item 815 audits were modified to not require that the anniversary date of an employee be MAX or 99/99 and not require the entry of PPT Item 719 (Detail Transaction Code) for employees with an Item 957 furlough code.

- The Item 815 amount will be treated as a true red circle/plus salary rate (i.e., a positive amount) when Item 957 does not reflect a furlough code. See EH processing section O below for additional processing information.

During the update process, it is important to verify the PPT transaction after it has been added to the EH data base to be sure the transaction contains the appropriate Item 957 value. Otherwise, it is possible that erroneous payments will result.

C. Reinstating Employees On an Unpaid Leave Prior to the Furlough Program (excluding Roll Code 9 status)

Employees who are on an unpaid leave of absence (S42, S44, S45 or S85 transaction) prior to the furlough program start date for their employee group need to be converted to the furlough pay reduction process upon their reinstatement to active payroll status. Campuses will need to enter the appropriate Item 957 furlough code on the A58 mandatory reinstatement transaction. If using the Item 957 furlough code 89, enter the manually computed furlough pay reduction amount in Item 815 as well.

D. Reinstating Employees On Inactive Payroll Status (Roll Code 9) Prior to the Furlough Program

Employees who are on a roll code 9 inactive pay status (S46 transaction) prior to the furlough program start date for their employee group need to be converted to the furlough pay reduction process upon their return to active payroll status. If applicable, campuses will need to process a

CRO transaction at the same time as the A68 return from inactive pay status transaction is processed as follows.

- A68
- CRO effective the same date as the A68 transaction (enter the appropriate Item 957 furlough code, the adjusted furlough pay reduction amount in Item 815 if applicable and the remarks 'HR/SAL 2009-07' in Item 215)

E. Employees On a Military Leave of Absence

Employees on military leave are not subject to the furlough program. As such, all pay beginning with the first 30 calendar days of active duty must be paid without the furlough pay reduction. An employee who is receiving her/his first 30 calendar days of pay when the furlough program began for her/his employee group should not have been converted to the furlough pay reduction process (i.e,. no CRO transaction should have been processed). Instead, process a 215 transaction effective the start of the furlough program for the employee and enter the remarks 'MILITARY LV' in Item 215.

Employees who are on military leave after the start of the furlough program must have the Item 957 furlough code deleted effective the beginning of the 30 calendar days via the CRO transaction*. Enter the remarks 'MILITARY LV' in Item 215 and any true red circle/plus salary rate in Item 815 on the CRO transaction (see EH processing section O below for additional processing information). The subsequent S44 military leave transaction should not reflect the Item 957 furlough code or furlough reduced salary rates.

* NOTE: If the CRO transaction is not effective the beginning of a pay period then the transaction must be submitted to PPSD. Special processing of the CRO transaction will take place to avoid an overpayment that could result if the campus processes the CRO transaction. The special process will result in a salary adjustment payment that will be issued once the original payment is generated at the furlough reduced rate. The system limitation is under review to determine if changes can be made to allow campuses to process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

Also, if the employee is to be docked in the pay period of the CRO transaction, do not process the payroll 603 dock transaction. Submit a Form STD. 674 along with the CRO transaction to document the correct time to pay at the furlough reduced and unreduced salary rates. See payroll processing section A below for further information.

If the employee returns to work while the furlough program is still in effect for her/his employee group, enter the appropriate Item 957 furlough code on the A58 mandatory reinstatement transaction. If using the Item 957 furlough code 89, enter the manually computed furlough pay reduction amount in Item 815 as well.

F. Rehired Annuitants

Rehired annuitants are covered by the furlough program and depending upon their appointment status may be subject to a furlough pay reduction (i.e., if rehired as an hourly intermittent/per diem or under the special A54 transaction payment pay plan schedule then reduce the work schedule of the employees). Campuses should carefully review the employment history record of the rehired annuitant to determine the appropriate Item 957 action to take.

In some instances, the Item 957 furlough code may need to be entered on the A56 temporary appointment. For example, the rehired annuitant was retired prior to the start of the furlough program and rehired full-time effective after the furlough program began, or was an hourly intermittent time base employee at the time of retirement and returning at a fractional time base as a rehired annuitant.

In other instances the Item 957 furlough code may need to be deleted on the A56 transaction. For example, the rehired annuitant was employed at a full-time base while furloughed and returning as an hourly intermittent time base rehired annuitant.

G. Employees With Multiple Concurrent Positions

An employee is only subject to the furlough program for the equivalent of a full-time CSU position. If an employee is employed by more than one campus, the campuses need to coordinate with each other to ensure that the furlough program is administrated appropriately per below.

- If an employee has other position(s) in addition to a full-time position, the furlough pay reduction shall apply to the full-time position only.

- If an employee has multiple fractional/part-time positions that are subject to the furlough program and total more than one full-time equivalent position, the furlough pay reduction shall apply to all furloughed positions that total the equivalent of one full-time position. The position with the lowest time base needs to have the furlough pay reduction amount adjusted to equal one full-time equivalency. Use the Item 957 furlough code 89 and enter the adjusted furlough pay reduction amount in Item 815. See CSU Technical Letter HR/Salary 2009-07 for additional information.

Personnel actions such as time base changes, new additional position, separation from an additional position must be monitored and the appropriate actions taken to ensure employees are only subject to the furlough program for the equivalent of one full-time position.

H. Employees on a Disability Leave of Absence (S49/565 Transactions)

Disability pay and disability supplementation pay (including pay for approved leave credit usage prior to receiving disability pay) are not subject to the furlough pay reductions. However, any regular pay received for actual time worked during a disability period is subject to the furlough pay reduction. To ensure correct pay is issued, the employee must be returned to her/his unreduced salary rates effective the date the employee begins using leave credits or is placed on disability leave. When the employee's disability leave period ends and she/he returns to active payroll status, the furlough pay reduction must be established on her/his EH record.

An employee using leave credits, on a disability leave or on pending disability leave at the start of the furlough program for her/his employee group should not have been converted to the furlough pay reduction process (i.e., no CRO transaction should have been processed). If the employee is using leave credits prior to the start of the disability leave, process a 215 transaction effective the start of the furlough program for the employee and enter the remarks 'LV CR DISAB' in Item 215.

An employee who is placed on a disability leave after the start of her/his furlough program will need to have the Item 957 furlough code deleted via the CRO transaction as follows.

1. To Non-Industrial Disability Leave (NDI) Status (S49 Transaction)

   Documentation and processing of the CRO and S49 transactions are based on whether the employee is using leave credits prior to the NDI leave and the effective date of the actions.

   Leave Credit Usage and NDI Leave Effective In the Same Pay Period

   - CRO effective the date leave credit usage begins (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'LV CR DISAB' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
   - S49 effective the date leave credit usage ends (enter the leave credit time to pay at the unreduced rate in Item 606 and the time to pay at the furlough reduced rate in Item 607*)

   Example – Employee used 5 days of leave credits effective August 10, 2009 and then placed on NDI leave effective August 17, 2009.

      - CRO effective 07/31/09 to add the Item 957 furlough code
      - CRO effective 08/10/09 to delete the Item 957 furlough code and pay the leave credits at the unreduced rate
      - S49 effective 08/17/09 with 5 days entered in Item 606 and 6 days entered in Item 607

   * NOTE: Due to system limitation, the Items 606 and 607 fields on the S49 transaction must be documented as shown to prevent an overpayment for the pay period of the NDI leave effective date. In addition, document all time to pay on the Form STD. 674D for the pay period. See payroll processing section E below for additional information.

   Leave Credit Usage and NDI Leave Effective In Different Pay Period

   - CRO* effective the date leave credit usage begins (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'LV CR DISAB' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
   - S49 effective the date leave credit usage ends (enter the appropriate time to pay in Item 606)

Example – Employee used 20 days of leave credits effective August 6, 2009 and then placed on NDI leave effective September 3, 2009.

- CRO effective 07/31/09 to add the Item 957 furlough code
- CRO effective 08/06/09 to delete the Item 957 furlough code and pay the leave credits at the unreduced rate
- S49 effective 09/03/09 with 2 days entered in Item 606

* NOTE: If the CRO transaction is not effective the beginning of the pay period then the transaction must be submitted to PPSD. Special processing of the CRO transaction will take place to avoid an overpayment that could result if the campus processes the CRO transaction. The special process will result in a salary adjustment payment that will be issued once the original payment is generated at the furlough reduced rate. The system limitation is under review to determine if changes can be made to allow campuses to process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

Also, if the employee is to be docked in the pay period of the CRO transaction, do not process the payroll 603 dock transaction. Submit a Form STD. 674 along with the CRO transaction to document the correct time to pay at the furlough reduced and unreduced salary rates. See payroll processing section A below for further information.

No Leave Credit Usage

- CRO effective the same date/hours (if other than BOB) as the S49 transaction (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'NDI' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
- S49 (enter 'NON' in Item 606* and the time to pay at the furlough reduced rate in Item 607)

Example – Employee placed on NDI leave effective August 7, 2009.

- CRO effective 07/31/09 to add the Item 957 furlough code
- CRO effective 08/07/09 to delete the Item 957 furlough code
- S49 effective 08/07/09 with 'NON' entered in Item 606 and 5 days entered in Item 607

* NOTE: Due to system limitation, 'NON' must be entered in Item 606 on the S49 transaction to prevent an overpayment for the pay period of the NDI leave effective date. Document all time to pay on the Form STD. 674D for the pay period. See payroll processing section E below for additional information.

2. To Temporary Disability Leave (TDL)/Industrial Disability Leave (IDL) or Pending Disability Leave Status (565 injury code 2, 5 or 7 Transaction)

As with the NDI leave process, documentation and processing of the CRO and 565 transactions are based on whether the employee is using leave credits prior to the TDL/IDL/pending disability leave status and the effective date of the action.

Leave Credit Usage and TDL/IDL/Pending Disability Leave Effective In the Same Pay Period

- CRO effective the date leave credit usage begins (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'LV CR DISAB' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
- 565 injury code 2, 5 or 7 effective the date leave credit usage ends (enter the leave credit time to pay at the unreduced rate in Item 606*)

Example – Employee used 11 days of leave credits effective August 7, 2009 and then placed on pending disability leave status effective August 24, 2009.

- CRO effective 07/31/09 to add the Item 957 furlough code
- CRO effective 08/07/09 to delete the Item 957 furlough code and pay the leave credits at the unreduced rate
- 565 injury code 7 effective 08/24/09 with 11 days entered in Item 606

* NOTE: Due to system limitation, the Item 606 field on the 565 transaction must be documented as shown to prevent an overpayment for the pay period of the TDL/IDL/pending disability leave effective date. Also, document all time to pay on the Form STD. 674D for the pay period or submit a Form 674 if the action is pending disability leave to request the correct payments for the pay period. See payroll processing section E below for additional information.

Leave Credit Usage and TDL/IDL/Pending Disability Leave Effective In Different Pay Period

- CRO* effective the date leave credit usage begins (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'LV CR DISAB' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
- 565 injury code 2, 5 or 7 effective the date leave credit usage ends (enter the appropriate time to pay in Item 606)

Example – Employee using 14 days of leave credits effective August 17, 2009 and then placed on IDL effective September 4, 2009.

- CRO effective 07/31/09 to add the Item 957 furlough code
- CRO effective 08/17/09 to delete the Item 957 furlough code and pay the leave credits at the unreduced rate
- 565 injury code 5 effective 09/04/09 with 3 days entered in Item 606

* NOTE: If the CRO transaction is not effective the beginning of the pay period then the transaction must be submitted to PPSD. Special processing of the CRO transaction will take place to avoid an overpayment that could result if the campus processes the CRO transaction. The special process will result in a salary adjustment payment that will be issued once the original payment is generated at the furlough reduced rate. The system limitation is under review to determine if changes can be made to allow campuses to

process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

Also, if the employee is to be docked in the pay period of the CRO transaction, do not process the payroll 603 dock transaction. Submit a Form STD. 674 along with the CRO transaction to document the correct time to pay at the furlough reduced and unreduced salary rates. See payroll processing section A below for further information.

No Leave Credit Usage

- CRO effective the same date/hours as the 565 transaction (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'DISAB LV' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
- 565 injury code 2, 5 or 7 (enter 'NON' in Item 606*)

Example – Employee placed on TDL effective August 17, 2009.

- CRO effective 07/31/09 to add the Item 957 furlough code
- CRO effective 08/17/09 to delete the Item 957 furlough code
- 565 injury code 2 effective 08/17/09 with 'NON' entered in Item 606

* NOTE: Due to system limitation, 'NON' must be entered in Item 606 on the 565 transaction to prevent an overpayment for the pay period of the TDL/IDL/pending disability leave effective date. Document all time to pay on the Form STD. 674D for the pay period or submit a Form STD. 674 if the action is pending disability leave to request the correct payments for the pay period. See payroll processing section E below for additional information.

When changing the disability status or position number for an employee on disability status, the furlough pay reduction does not need to be established and deleted. Likewise, the furlough pay reduction does not need to be established when the employee is approved to work while on disability (i.e., remains on the S49 or 565 injury code 2, 5 or 7 transaction status). The furlough pay reduction should be established once the final disability period ends and the employee is returned to active payroll status as follows.

3. Reinstatement from NDI Leave (A57 Transaction)

The furlough pay reduction must be established on the A57 reinstatement transaction regardless if the employee is returning to work full-time or part-time or using leave credits after the end of the NDI period. Enter the appropriate Item 957 furlough code and the adjusted furlough pay reduction amount in Item 815, if applicable, on the A57 transaction.

4. Returning from TDL/IDL/Pending Disability Leave (565 injury code 4 or 6 Transaction)

Process a CRO transaction to establish the furlough pay reduction after the 565 injury code 4 or 6 return to work transaction is processed as follows.

- 565 injury code 4 or 6
- CRO effective the same date/hours as the 565 transaction (enter the appropriate Item 957 furlough code, the adjusted furlough pay reduction amount in Item 815 if applicable and the remarks 'HR/SAL 2009-07' in Item 215)

I. Employees on Family Medical Paid Leave of Absence

Employees on a family medical leave (FML) leave are not subject to the furlough program. As such, employees using leave credits while on FML must be paid without the furlough pay reduction.

An employee who is on a FML paid leave at the start of the furlough program for her/his employee group should not have been converted to the furlough pay reduction process (i.e., no CRO transaction should have been processed). Instead, process a 215 transaction effective the start of the furlough program for the employee and enter the remarks 'FML' in Item 215.

An employee who is placed on the FML paid leave after the start of her/his furlough program will need to have the Item 957 furlough code deleted effective the beginning of the leave credit usage via the CRO transaction*. Enter the remarks 'FML' in Item 215 and any true red circle/plus salary rate in Item 815 on the CRO transaction (see EH processing section O below for additional processing information). If applicable, the subsequent S45 parental/family care and medical leave transaction should not reflect the Item 957 furlough code or furlough reduced salary rates.

* NOTE: If the CRO transaction is not effective the beginning of a pay period then the transaction must be submitted to PPSD. Special processing of the CRO transaction will take place to avoid an overpayment that could result if the campus processes the CRO transaction. The special process will result in a salary adjustment payment that will be issued once the original payment is generated at the furlough reduced rate. The system limitation is under review to determine if changes can be made to allow campuses to process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

Also, if the employee is to be docked in the pay period of the CRO transaction, do not process the payroll 603 dock transaction. Submit a Form STD. 674 along with the CRO transaction to document the correct time to pay at the furlough reduced and unreduced salary rates. See payroll processing section A below for further information.

If the employee returns to work while the furlough program is still in effect for her/his employee group, enter the appropriate Item 957 furlough code as needed on the:

- A58 mandatory reinstatement transaction if the employee is on the S45 leave of absence transaction status, or

- CRO transaction** if the employee is returning after the paid leave period ends and no S45 transaction was processed (enter the remarks 'HR/SAL 2009-07' in Item 215).

If using the Item 957 furlough code 89, enter the manually computed furlough pay reduction amount in Item 815 as well.

If the employee is on FML and maternity/paternity/adoption leave concurrently, see the following section for additional information.

** NOTE: Due to system limitations, if the CRO transaction is not effective the beginning of a pay period and is processed before the master payroll cut-off date for the pay period of the transaction's effective date, an underpayment may occur (i.e., a master payroll may be issued at the furlough reduced salary rate). Submit a Form STD. 674 to request an adjustment payment for the time that should be paid at the unreduced salary rate. See payroll processing section M below for additional information.

J. Employees on Maternity/Paternity/Adoption Paid Leave of Absence

Depending upon the reason for the maternity/paternity/adoption leave, the paid leave is to be paid at the unreduced rate or the furlough reduced rate as follows.

Disabled Pregnancy Related Leave

Employees who are designated as disabled due to pregnancy are paid at the unreduced salary rate. An employee who is receiving the paid leave at the start of the furlough program for her/his employee group should not have been converted to the furlough pay reduction process (i.e., no CRO transaction should have been processed). Instead, process a 215 transaction effective the start of the furlough program for the employee and enter the remarks 'MAT/PAT LV' in Item 215.

An employee who is placed on the approved paid leave after the start of the furlough program must have the Item 957 furlough code deleted effective the start of the leave period via the CRO transaction*. Enter the remarks 'MAT/PAT LV' in Item 215 and any true red circle/plus salary rate in Item 815 on the CRO transaction (see EH processing section O below for additional processing information). If applicable, the subsequent S45 parental/family care and medical leave transaction should not reflect the Item 957 furlough code or furlough reduced salary rates.

* NOTE: If the CRO transaction is not effective the beginning of a pay period then the transaction must be submitted to PPSD. Special processing of the CRO transaction will take place to avoid an overpayment that could result if the campus processes the CRO transaction. The special process will result in a salary adjustment payment that will be issued once the original payment is generated at the furlough reduced rate. The system limitation is under review to determine if changes can be made to allow campuses to process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

Also, if the employee is to be docked in the pay period of the CRO transaction, do not process the payroll 603 dock transaction. Submit a Form STD. 674 along with the CRO transaction to document the correct time to pay at the furlough reduced and unreduced salary rates. See payroll processing section A below for further information.

If the employee returns to work while the furlough program is still in effect for her/his employee group, enter the appropriate Item 957 furlough code as needed on the:

- A58 mandatory reinstatement transaction if the employee is on the S45 leave of absence transaction status, or
- CRO transaction** if the employee is returning after the paid leave period ends and no S45 transaction was processed (enter the remarks 'HR/SAL 2009-07' in Item 215).

If using the Item 957 furlough code 89, enter the manually computed furlough pay reduction amount in Item 815 as well.

** NOTE: Due to system limitations, if the CRO transaction is not effective the beginning of a pay period and is processed before the master payroll cut-off date for the pay period of the transaction's effective date, an underpayment may occur (i.e., a master payroll may be issued at the furlough reduced salary rate). Submit a Form STD. 674 to request an adjustment payment for the time that should be paid at the unreduced salary rate. See payroll processing section M below for additional information.

Other Related Leave

Employees on a maternity/paternity/adoption leave and not disabled due to pregnancy are subject to the furlough pay reduction. As such the employees must be paid for the leave at the furlough reduced salary rate.

Employees who are on the paid leave at the start of the furlough program for their employee group should have been converted to the furlough pay reduction process (i.e., the CRO transaction should have been processed). Employees who are placed on the paid leave after the start of their furlough program will need to continue the furlough pay reduction. No action is needed by campuses.

If applicable, the subsequent S45 parental/family care and medical leave transaction should reflect the Item 957 furlough code and furlough reduced salary rates. If the employee returns to work while the furlough program is still in effect for her/his employee group, the Item 957 furlough code and furlough reduced salary rates will carry forward to the A58 transaction.

Running Maternity/Paternity/Adoption Leave Concurrently With FML

An employee who is running the maternity/paternity/adoption leave concurrently with FML and has exhausted use of all leave credits under the FML, continues to receive maternity/paternity/adoption paid leave at the unreduced salary rate. Since the Item 957 furlough code should have been deleted per the FML procedures in the preceding section, no action is needed to continue the maternity/paternity/adoption paid leave at the unreduced rate.

K. Employees on Jury Duty

Employees serving jury duty in excess of one pay period are not paid at the furlough reduced salary rate. Employees who meet this condition at the start of the furlough program for their employee group should not have been converted to the furlough pay reduction process (i.e., the CRO transaction should not have been processed). Instead, process a 215 transaction effective the start of the furlough program for the employee and enter the remarks 'JURY DUTY' in Item 215.

Employees who meet this condition after the start of the furlough program for their employee group need to have the Item 957 furlough code deleted via the CRO transaction effective the beginning of the pay period following the first day of jury duty. Also, enter the remarks 'Jury Duty' in Item 215 and any true red circle/plus salary rate in Item 815 on the CRO transaction (see EH processing section O below for additional processing information).

If the employee completes her/his jury duty while the furlough program is still in effect for her/his employee group, process a CRO transaction* to establish the furlough pay reduction. Enter the appropriate Item 957 code, the adjusted furlough pay reduction amount in Item 815 if applicable and the remarks 'HR/SAL 2009-07' in Item 215 on the CRO transaction.

* NOTE: Due to system limitations, if the CRO transaction is not effective the beginning of a pay period and is processed before the master payroll cut-off date for the pay period of the transaction's effective date, an underpayment may occur (i.e., a master payroll may be issued at the furlough reduced salary rate). Submit a Form STD. 674 to request an adjustment payment for the time that should be paid at the unreduced salary rate. See payroll processing section M for additional information.

L. Employees on Involuntary Leave of Absence

Employees on involuntary leave are not subject to the furlough program. As a result, all pay beginning with the date the employee is placed on involuntary leave must be paid without the furlough pay reduction.

An employee who is on involuntary leave and using leave credits at the start of the furlough program for her/his employee group should not have been converted to the furlough pay reduction process (i.e., no CRO transaction should have been processed). Instead, process a 215 transaction effective the start of the furlough program for the employee and enter the remarks 'INVOL LV CR' in Item 215.

An employee who is placed on an involuntary leave and using leave credits after the start of the furlough program must have the Item 957 furlough code deleted effective the date the employee begins using the leave credits. Process a CRO transaction* to delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'INVOL LV CR' in Item 215 on the CRO transaction (see EH processing section O below for additional red circle/plus salary processing information). If applicable, the subsequent S42 leave of absence without pay transaction should not reflect the Item 957 furlough code or furlough reduced salary rates.

* NOTE: If the CRO transaction is not effective the beginning of a pay period then the transaction must be submitted to PPSD. Special processing of the CRO transaction will take place to avoid an overpayment that could result if the campus processes the CRO transaction. The special process will result in a salary adjustment payment that will be issued once the original payment is generated at the furlough reduced rate. The system limitation is under review to determine if changes can be made to allow campuses to process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

Also, if the employee is to be docked in the pay period of the CRO transaction, do not process the payroll 603 dock transaction. Submit a Form STD. 674 along with the CRO

transaction to document the correct time to pay at the furlough reduced and unreduced salary rates. See payroll processing section A below for further information.

If the disability retirement is denied, the time while on involuntary leave is not subject to the furlough pay reduction. Depending upon whether the employee was on involuntary leave at the start of the furlough program for her/his employee group and whether leave credits were used, the documentation and processing of the EH transactions will vary as follows.

On Involuntary Leave at the Start of the Furlough Program

If applicable, void the S42 transaction, process a 215 transaction (if not previously processed per above) and process a CRO transaction* to convert the employee to the furlough pay reduction process as follows:

- S42V (if posted)
- 215 effective the start date of the furlough program for her/his employee group if not already posted (enter the remarks 'INVOL LV DENIED' in Item 215)
- CRO effective the date employee returns to work (enter the appropriate Item 957 furlough code, the furlough pay reduction amount in Item 815 if applicable and the remarks 'HR/SAL 2009-07' in Item 215)

* NOTE: Due to system limitations, if the CRO transaction is not effective the beginning of a pay period and is processed before the master payroll cut-off date for the pay period of the transaction's effective date, an underpayment may occur (i.e., a master payroll may be issued at the furlough reduced salary rate). Submit a Form STD. 674 to request an adjustment payment for the time that should be paid at the unreduced salary rate. See payroll processing section M below for additional information.

On Involuntary Leave after Start of Furlough Program – Used Leave Credits

Void the S42 transaction if posted and a CRO transaction* to convert the employee to the furlough pay reduction process as follows:

- S42V (if posted)
- CRO effective the date employee returns to work (enter the appropriate Item 957 furlough code, the furlough pay reduction amount in Item 815 if applicable and the remarks 'HR/SAL 2009-07' in Item 215)

* NOTE: Due to system limitations, if the CRO transaction is not effective the beginning of a pay period and is processed before the master payroll cut-off date for the pay period of the transaction's effective date, an underpayment may occur (i.e., a master payroll may be issued at the furlough reduced salary rate). Submit a Form STD. 674 to request an adjustment payment for the time that should be paid at the unreduced salary rate. See payroll processing section M below for additional information.

On Involuntary Leave after Start of Furlough Program – No Leave Credits Used

Two CRO transactions** need to be processed at the same time the S42 transaction is voided. The first CRO transaction is to delete the furlough pay reduction amount to issue the back pay at the unreduced salary rate and the second CRO transaction is to add the furlough pay reduction amount effective upon the employee's return to work status.

- S42V
- CRO effective the same date/hours as the S42 transaction (delete the Item 957 furlough code, enter any true red circle/plus salary rate in Item 815 and enter the remarks 'INVOL LV DENIED' in Item 215) (see EH processing section O below for additional red circle/plus salary processing information)
- CRO effective the date employee returns to work (enter the appropriate Item 957 furlough code, the furlough pay reduction amount in Item 815 if applicable and the remarks 'HR/SAL 2009-07' in Item 215)

** NOTE: If the first CRO transaction is not effective the beginning of a pay period, submit both CRO transactions to PPSD. Special processing of the CRO transactions will take place to avoid an overpayment that could result if the campus processes the CRO transactions. The special process may result in one or more salary adjustment payments after the original payments are issued. The system limitation is under review to determine if changes can be made to allow campuses to process mid-month effective date CRO transactions. A Payroll Letter will be issued if the payroll system is modified.

M. Separating Employees

All furlough time with a corresponding pay reduction must be taken prior to the effective date of an employee's separation. The furlough time must not be included in the lump sum pay fields of the separation transaction. Employees who separate prior to the end of a pay period are subject to the furlough pay reduction and their furlough time for the pay period needs to be adjusted accordingly. Process all separation transactions as normal and the Item 957 furlough code and furlough reduced salary rate will continue to be reflected on the separation transaction.

Campuses should reconcile the total furlough time taken by the employees against the total furlough pay reduction amount that was withheld. Furlough time that was taken in excess of the furlough pay reduction amount will result in an overpayment situation. Campuses will need to recover the overpayment. See the payroll processing section L below for further processing information.

N. Separating/Reassigning Employees with Lump Sum Pay

Lump sum payments are not subject to the furlough pay reduction. Since the furlough pay reduction amount must remain on the separation or reassignment (A60) transaction, special processing is necessary to issue the lump sum pay at the unreduced salary rate as follows.

Separations

Due to system limitations, do not process a CRO transaction to delete the Item 957 furlough code at the same time as the separation transaction in an attempt to pay the lump sum at the unreduced

salary rate. Instead, process the separation transaction without the CRO transaction. The lump sum payments will then be issued at the furlough reduced salary rate.

PPSD will automatically adjust the lump sum payments at the unreduced salary rate. The adjustment payments should be issued in the payroll cycle that immediately follows the one in which the original lump sum payments were made. If the adjustment payments are not made as indicated, contact the CSU Telephone Liaison at (916) 322-7980.

A60 Reassignments

The payroll system may issue the lump sum pay at the furlough reduced rate. If that occurs, PPSD will automatically issue adjustments to the lump sum payments. No special action is needed by campuses.

O. Employees With True Red Circle/Plus Salary Rate

For employees with a true red circle/plus salary rate, the furlough pay reduction amount is based on the combined full-time base salary rate and red circle/plus salary rate. The resulting furlough pay reduction amount will either reduce or replace the red circle/plus salary rate (see CSU Technical Letter HR/Salary 2009-07 for further details).

- If replacing the red circle/plus salary rate, use the Item 957 furlough code 89 and enter the adjusted furlough pay reduction amount in Item 815. Also, enter the appropriate Item 719 detail transaction code as if Item 815 reflected the true red circle/plus salary rate.

- Otherwise, enter the adjusted red circle/plus salary rate in Item 815 and the appropriate Item 719 detail transaction code.

The above will require the SCO to maintain a separate list of the employees and their true red circle/plus salary rate for purposes of issuing the proper adjustments to lump sum payments (see preceding section above). Further, this will necessitate campuses to notify the SCO whenever an employee's true red circle/plus salary rate changes or is cancelled as well as any new employees with a red circle/plus salary rate.

Effective immediately, please contact Lisa Callaghan at (916) 327-3923 to provide changes to red circle/plus salary rate list. Please furnish the employee's social security number, position number and true red circle/plus salary rate and effective date/pay period of change.

As instructed in EH processing sections E, H, I, J, K and L above, when the furlough pay reduction amount is deleted, any true red circle/plus salary rate needs to be entered in Item 815. In this situation, deleting the Item 957 will not delete the amount entered in Item 815 and Item 815 is then treated as a positive amount.

P. Employee Exemptions From the Furlough Program

Employees who are exempted from the furlough program not due to their bargaining unit or classification should have a 215 transaction processed to document their exemption. For employees who are exempted at the start of the furlough program for her/his employee group, process a 215 transaction effective the start of the furlough program and enter the appropriate remarks in Item 215

(e.g., Grant Fund or Not Sworn Officer). For employees who are newly hired or who transfer to a position that exempts the employee from the furlough program, enter the appropriate remarks in Item 215 on the appointment transaction. If the remarks cannot be entered on the appointment transaction, process a 215 transaction effective the same date/time as the appointment transaction.

PAYROLL PROCESSING INFORMATION

For the majority of employees, once the furlough pay reduction amount is established on their employment history record, their payrolls should be correctly made by the payroll system. However, special payroll processing will be required due to the nature of the furlough program and are described below.

A. Dock

The furlough time taken by an employee must not be reported as dock time. However, when an employee is absent not due to the furlough and does not have leave credits to cover the absence, campuses should continue to report the absence as a dock transaction except as noted below. The dock time will be computed at the furlough reduced rate.

For an employee with a furlough reduced salary rate and an unreduced salary rate for the same position number in the pay period of dock, do not process the dock transaction. Instead, submit a Form STD. 674 along with the CRO transaction deleting the Item 957 furlough code to PPSD (see EH processing sections E, H, I, J and L). Complete the Form STD. 674 or Form STD. 674A/R (if an overpayment occurred) in accordance with PPM Section D 011 or Section I 017 and reflect the appropriate time to pay at the furlough reduced rate and unreduced rate.

B. Overtime Pay (Payment Type 1)

The salary rate for overtime pay is not to be affected by the furlough pay reduction. Due to system limitations, do not use the non-FLSA system generated overtime rate EIDs. If used, the furlough reduced salary rate will be used by the payroll system to compute the overtime gross amount. Instead, use the FLSA overtime rate EIDs to request the overtime pay. Manually compute the overtime pay rate based on the salary rate not reduced by the furlough pay reduction amount. See PPM Section G 024 for the FLSA overtime rate EIDs.

C. Additional Work During the Furlough Week (SZ Payment)

An employee must be compensated for any additional hours worked in a work week in which the employee is off work due to a furlough. The time up to 40 hours when combined with the regular/normal hours worked (including paid leave time) is subject to retirement deductions and paid at the straight time unreduced rate. Campuses will need to pay the additional time up to 40 hours using the newly established payment type 'S', payment type suffix 'Z' that is subject to retirement deductions. The payment is identified as 'Furlough 32nd-40th Hour Pay' and will be shown on the earnings statement as 'FR 32-40 HR'.

> NOTE: The SZ payment is <u>not</u> to compensate an employee who works on a scheduled furlough day. See the following section for processing instructions under this situation.

The additional time beyond the 40 hours is paid as regular overtime (payment type 1). See preceding section for the regular overtime pay processing information. The following examples depict the administration of the SZ and regular overtime payments.

Example 1 – Full-time employee with a normal work week of 40 hours physically works 42 hours and takes 8 furlough hours off.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Work = 8	Work = 8	Work = 8	Work = 8	Furlough = 8	Work = 10

- The work week = 32 hours paid as regular pay (payment type 0).
- The additional 10 hours worked is paid as follows:

    - 8 hours as the SZ payment (40 hours – 32 hours)
    - 2 hours as overtime (payment type 1)

Example 2 – Full-time employee with a normal work week of 40 hours physically works 40 hours, takes 8 vacation hours and takes 8 furlough hours off.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Work = 8	Work = 8	Work = 8	Work = 8	Vacation = 8	Furlough = 8	Work = 8

- The work week = 32 hours (24 work hours plus 8 vacation hours) paid as regular pay (payment type 0).
- The additional 16 hours worked is paid as follows:

    - 8 hours as the SZ payment (40 hours – 32 hours)
    - 8 hours as overtime (payment type 1)

Example 3 – Fractional time base employee with a normal work week of 20 hours physically works 24 hours and takes 4 furlough hours off.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Work = 4	Work = 4	Work = 4	Work = 4	Furlough = 4	Work = 8

- The work week = 16 hours paid as regular pay (payment type 0).
- The additional 8 hours worked is paid as the SZ payment since the employee has worked less than full-time during the work week (i.e., less than 40 hours).

To request the SZ payment, process a Form STD. 671 via the PIP system using earnings ID 'SZ' and entering the gross amount due (time and salary rate cannot be entered on the pay request). The

payment cannot be requested until after the close of the pay period in which the additional time was worked.

To determine the gross amount, divide the employee's base salary rate (Item 320 which has not been reduced by the furlough pay reduction amount) and true red circle/plus salary rate as applicable by 173.33 to derive the straight time hourly rate. Then multiply the additional SZ payment hours by the hourly rate. Enter the result in the gross amount field on the PIP transaction.

The SZ payment is subject to the following mandatory deductions:

> Social Security/Medicare if applicable
> Retirement
> Federal Taxes (aggregate method)
> State Taxes (aggregate method)
> Garnishments when applicable

The SZ payment is not to be included in the calculation of the following benefit pay as the unreduced salary rate is already used to compute these benefits:

> Overtime
> IDL
> EIDL
> NDI
> Lump Sum Vacation
> Lump Sum Extra

D. Working on a Scheduled Furlough Day

If an employee works on a scheduled furlough day, the regular time worked is to be compensated as regular pay (payment type 0) by adjusting the furlough pay reduction amount. Process a CRO transaction effective the beginning of the pay period in which the work was performed. Use the Item 957 furlough code 89 (manual override) and enter the adjusted furlough pay reduction amount in Item 815. Also, enter the remarks 'WORKED ON FD' in Item 215 on the CRO transaction. Any additional time worked on that day should be compensated as regular overtime (payment type 1) or as a SZ payment (see preceding sections for additional information).

If the above CRO transaction is processed after the pay period in which the work took place, a salary adjustment payment will automatically issue once the CRO transaction is processed. After the initial CRO transaction is processed, process another CRO transaction effective the beginning of the following pay period to re-establish the on-going furlough pay reduction amount. Also enter the remarks 'HR/SAL 2009-07' in Item 215 on the CRO transaction.

E. Paying Employees on TD, IDL, NDI or Pending Disability Leave Status

The disability pay and supplementation pay including pay for leave credits used prior to the start of the disability leave period are not subject to the furlough pay reduction. However, pay for time that is worked by an employee on disability leave is subject to the furlough pay reduction. Likewise, pay for leave credits used after a disability period ends is subject to the furlough pay reduction.

The employment history record of employees on a disability leave program must be updated to delete the furlough pay reduction amount in accordance with the procedures provided above (EH processing section H). Once updated, process the disability related pay requests via the PIP system and/or submission of Form STD. 674D/674 as outlined in PPM Section E.

NOTE: Due to system limitations, the pay period in which leave credits or disability leave first begins may require special processing as outlined in the EH processing section H. Campuses must document all time to pay for the pay period on the Form STD. 674D or Form STD. 674. This includes the regular time to pay from the beginning of the pay period to the effective date the leave credit usage or disability leave status begins. Further, the appropriate salary rate for each time to pay must be reflected on the Form STD. 674D or Form STD. 674.

F. Retirement (including the Part-time, Seasonal, Temporary (PST) Retirement Plan)

Both the employee and CalPERS employer share of retirement contribution amounts are based on the furlough program reduced pay rate. However, for purposes of the CalPERS retirement final compensation pay rate, the unreduced rate is reported to CalPERS by the SCO.

Employees who received a refund of excess retirement contributions due to a salary above the maximum rate for their class/range (CSU Technical Letter HR/Benefits 2007-17) may no longer receive the refund during the furlough program. This will occur for employees whose true red circle/plus salary rate is absorbed into their furlough pay reduction amount (Example #2 on page 4 of CSU Technical Letter HR/Salary 2009-07).

G. Federal, State, Social Security, Medicare Income Taxes

The various payroll income taxes (federal, state, social security and medicare) are based on the earnings that are computed using the furlough reduced salary rate. In addition, the wages reported to the tax authorities will be based on the furlough reduction amount.

H. Salary Advances

A salary advance for regular pay (excluding disability supplementation pay) must be based on the furlough program reduced salary rate. All other payment types can be based on the unreduced base salary rate or at the rate pursuant to the CSU policy or employee's respective collective bargaining agreement for the payment type.

I. Earnings Statement/Direct Deposit Advice

The earnings statement will not reflect the furlough reduction amount. Instead, the statement/advice will show a regular pay gross amount that has been reduced by the furlough reduction amount. The gross amount can be in dollars and cents when previously the employee had an amount reflected in whole dollars. See above EH section for an explanation.

J. Miscellaneous Deductions

Miscellaneous deductions may not be withheld while an employee is under the furlough program due to insufficient net (see PPM Section H 008). This is particularly true for employees with large tax shelter annuity, deferred compensation and/or credit union deduction amounts. The employees should be encouraged to review their deductions and make the necessary changes and/or direct pay arrangements with the organizations receiving their deduction monies.

K. Garnishment Deductions

If a garnishment deduction is not established as a specific amount, the payroll system will re-compute the garnishment amount to be withheld based on the employee's furlough reduced earnings. If a garnishment deduction is established for a specific amount and it is not due to a court order, the campus should reevaluate the garnishment to ensure that the employee is not having excess garnishment deduction amounts withheld. Campuses should submit a Form STD. 639 to change the garnishment deduction from a specific amount type to a maximum amount type as necessary.

L. Payroll Reconciliation

All payroll records and outputs including the Payroll Warrant Register will reflect the unpaid furlough time as time paid. To reconcile the Form 672 and the warrant register, the unpaid furlough time should be added to the total time worked information on the Form 672. In addition, the furlough pay reduction amount will not appear on the payroll records and outputs. The furlough pay reduction amount can be obtained through the employment history on-line system or the campus CMS Baseline HR application.

Employees who have certain personnel action taken during the furlough program may require reconciliation between the furlough time taken and the furlough reduction amount withheld. The personnel actions include and not limited to the following:

- separations
- leave of absences (unpaid and paid)
- movement between positions
- time base changes

When such a personnel action takes place and the employee has taken the July catch up furlough days, the employee most likely has not had enough furlough reduction amount withheld for the amount of furlough time taken. Consequently, the employee has been overpaid and an accounts receivable needs to be established. Follow the accounts receivable process as outlined in the PPM Section I 001 through I 031. The pay period in which the July catch-up furlough days were taken should be used as the pay period where the overpayment occurred.

M. Mid-Month Salary Rate Change

Due to system limitations, an employee with the unreduced salary rate and furlough reduced salary rate in the same pay period for the same position number may not be paid correctly upon processing of the CRO transaction deleting/adding the Item 957 furlough code. If the employee's last salary

rate for the pay period is the unreduced rate, campuses need to submit the associated CRO transaction to PPSD for special processing to avoid overpayments. If dock or disability related pay is involved, the appropriate Form STD. 674, Form STD. 674D or Form STD. 674A/R documents should accompany the CRO transaction (see payroll processing sections A and E above).

If the employee's last salary rate for the pay period is the furlough reduced salary rate, campuses can process the associated CRO transaction. However, an underpayment may result as the employee may only be paid at the furlough reduced rate. In those instances, submit a Form STD. 674 to request an adjustment payment for the time that should be paid at the unreduced salary rate. Complete the Form STD. 674 in accordance with PPM Section D 011 and reflect the time to pay at the furlough reduced salary rate and the time to pay at the unreduced salary rate.

The system limitations are currently under review to determine if modifications are feasible to prevent the overpayments and underpayments. A Payroll Letter will be issued if any changes are made.